



NATIONAL DROUGHT RELIEF PROGRESS REPORT

CEO FORUM

SEPTEMBER 2016



Presentation outline

- **Introduction**
- **Weather outlook**
- **Provincial interventions**
- **Department of Rural Development and Land Reform Interventions**
- **Impact on food security and agriculture**
- **Drought impacts**
- **Drought adaptation plans**
- **Recommendations**



Introduction

- Progress on intervention has been made in various parts of the country by the different spheres of government (Department of Rural Development and Land Reform, Department of Water and Sanitation) and State Owned Entities (e.g. The Land Bank, IDC, etc)
- Continued collaborative mechanisms are forged in the implementation of response and long term intervention measures to ensure integration and maximization of available resources.
- The livestock mortality recorded nationally is **252 880**
- In enhancing risk management and strengthening adaptive capacity, the animal production section has currently made interventions through broad programmes such as the Animal Improvement Scheme and the proposed National Rangeland Monitoring and Improvement Programme (NRMIP)
- Plant production focused on seed security matters to improve farmer access to good quality seed of appropriate varieties through community seed multiplication schemes
- Additional funding requested from National Treasury through National Disaster Management Centre



SECTOR DROUGHT RELIEF INTERVENTIONS 2015/16

Province	Areas	Provincial requests	Equitable share	CASP approved allocation	No. assisted Farmers	category	Drought Relief progress/Type of assistance	Impacts
FS	Fezile Dabi Lejweleputswa Mangaung Metro Xhariep Thabo Mofutsanyane.	R102,5 million	R16 million	R 29 million	3418	Subsistence smallholder and commercial farmers	56 781 bags of 50kg drought protein 80 632 bags of 50kg molasses meal 15 144 fodder bales	Conditions of the veld and livestock are reasonable to poor. Livestock mortality due to an unknown disease has been reported in Senekal and Mangaung Metro, and the veterinary service is investigating
KZN	UMgungundlovu, eThekweni, iLembe, uThungulu, Zululand, Amajuba, uMzinyathi and uThukela, Harry gwala, UMkhanyakude	R142 million	R113,2 million	R45 million	8300	Small, medium and Large scale farmers	16 300 lick bags 21 172 molasses 6 128 cattle block 137 729 bags 3981 bales 180 troughs 333 water tanks 12 dams completed 7 boreholes completed	The soya crop has mostly been harvested and final tonnages are awaited. Livestock condition varies from area to area across commercial and communal herds

SECTOR DROUGHT RELIEF INTERVENTIONS 2015/16



Province	Areas	Provincial requests	Equitable share	CASP approved allocation	No. assisted Farmers	category	Drought Relief Progress/Type of assistance	Impact
LP	Capricon, Mopani, Vhembe, Waterberg, Sekhukhune	R51 million	R3 million	R65 million	22 524	Small and subsistence farmers	208913 bags (drought pellets) 65 Boreholes Completed	General conditions of grazing are poor in communal areas while the conditions are fair in commercial areas. Livestock conditions are poor to reasonable but extremely poor in communal areas. The level of major dams has decreased to 54% in 2016 as compared to 81% of 2015.
MP	Nkomazi and Bushbuck Ridge	R71 million	R1.8 million	R33.622 million	10670	Small and subsistence farmers	18 767 bags 13 920 bales 200 water tanks 1 000 000Litres No boreholes	The veld condition is still deteriorating and water levels is also dropping in the dams. However livestock condition is fair to good and this clearly indicate that the animals have adapted to the condition and graze shrubs
NW	None	R 3,4 billion	R0.00	R25 million	21 383	Small and subsistence farmers	85 534 bags of drought pellets 48 Boreholes Completed	Grazing is in poor condition and the infestation of unwanted species is increasing Livestock conditions are deteriorating from good to fair.

SECTOR DROUGHT RELIEF INTERVENTIONS 2015/16



Province	Areas	Provincial requests	Equitable share	CASP approved allocation	No. assisted Farmers	category	Type of assistance	Impact
NC	Leeurislein; Brandvlei; Calvinia	R163 million	R7.6 million	R14.6 million	2108	Subsistence, Smallholder and Communal	3 667 tons of drought pellets No boreholes	Overall, the veld and livestock conditions are reasonable to poor. The level of major dams has decreased as compared to the previous year (66% in 2016; 81% in 2015).
GP	West Rand District, City of Tshwane, Germiston, Sedibeng	R140 million	R21 million	R12.8 million	1550	small scale farmers	13 000 bags 79 300 bales 20 052 lick bags 20 boreholes completed	The province received above normal rainfall, which provided better condition in terms of restriction in the development of veld fires. Due to the rains received, most farm dams have water.
EC	Joe Gqabi Chris Hani Alfred Nzo OR Tambo Amathole	R239.1 million	R5.9 million	R37. 403 million	8025	Subsistence and small holder	1166 water tanks 2 331 500 litres 2565.89 tons 797 cattle blocks No boreholes	Veld condition is deteriorating, thus affecting body conditions.

SECTOR DROUGHT RELIEF INTERVENTIONS 2015/16



Province	Areas	Provincial requests	Equitable share	CASP approved allocation	No. assisted Farmers	category	Type of assistance	Impact
WC	Central Karoo and West Coast	R88 million	R5.1 million	R 6 million	885	Small holder grain and Stock farmers and their agri workers	Input Costs to smallgrain for new grain season farmers Fodder provided to smallscale farmers No boreholes	Conditions of winter crops and pastures in the winter cereal production regions of the West Coast, Overberg and Southern Cape appear to be mixed due to sufficient or poor rainfall. While some areas indicate crops experiencing good conditions, many areas reveal crops prevailing under poor conditions. The average level of major dams has decreased to 47% in 2016 as compared to 50% of 2015.
Total		R 4 233 600 000	R173 601 303	R268 425 000	78 863		512 629 bags of feed 97 501 bales 6 232.89 tons 22 372 molasses 36 352 lick bags 6 925 cattle bloc 117 boreholes	



Average Prices Livestock Feeds and boreholes

- Average prices received from the following Provinces, North West, Northern Cape, Mpumalanga as received previously:
- Pellets 50 kg= R206
- Maize 50 Kg= R240
- Drought pellets 50kg= R200
- Drought mix 50Kg = R275
- Full ration mix 40kg= R282
- Hay R4500 to R5500 per ton
- Drilling and Equipping of boreholes differed provincially at an average R350 000 to R500 000



DRDLR Provincial Interventions

Province	Budget	Expenditure by March 2016	Intervention
Free State	R 14 451 305.00	R 13 160 045.00	Livestock feed, fodder banks, water infrastructure
Kwazulu Natal	R 67 804 160.00 & R 71 000 000.00 (Support to Sugarcane farmers)	R 24 170 629.50 R 71 000 000.00	Feedlots, drilling and equipping of boreholes, livestock feed, assistance to Sugar Cane Industry
Limpopo	R 1 205 791 .00	R 157 500.00	Livestock feed and water, drilling and equipping boreholes, firebreaks
Mpumalanga	R 47 766 394.74	R 25 389 167.47	Feedlots, Drilling and equipping of boreholes, auction sales, livestock feed
North West	R 22 280 000.00	R 11 055 000.00	Feedlots, livestock feed and water, Relocation of livestock, Drilling and equipping of boreholes
Northern Cape	R19 000 000.00	R 6 453 823.00	Livestock feed and water infrastructure
Total	R 243 507 650.74	R 151 386 164.97	



Land bank interventions

- The LandBank is currently assisting and supporting the drought affected farmers in its portfolio and it has contributed in the region of R45 million to broader sector. This amount has been contributed through financial restructuring of existing client portfolios and debt obligations. To date assistance from the financial institution were made in the following interventions:
- The Industrial Development Corporation (IDC) Concessionary Drought Relief Loans – Approvals

	AMOUNT	HUB WIP NUMBER	AMOUNT	APPROVED NUMBER	AMOUNT	DISBURSEMEN T NUMBER	AMOUNT
35	R182 405 574	1	R845 579	6	R13 987 100	2	R4 000 000
Grand Total	R182 405 574	1	R845 579	6	R13 987 100	2	R4 000 000

- Work in progress (WIP) is at 35 application
- There are 6 applications approved as at 30 April 2016 and 2 disbursement have been made so far amounting to R4million

SUMMARY OF DROUGHT RELIEF APPLICATIONS as on 31/03/2016				
Decision	Number of Applications	Monetary Value of Loans processed	Percentage	Average Exposure
Total	42	R 50 961 438	100.00%	1 213 368
Approved	32	R 34 924 446	76.19%	1 091 389
Declined	7	R 9 077 708	16.67%	1 296 815
Refer Back	3	R 6 959 284	7.14%	2 319 761

- The figures have remained the same for the month under review.
- No further applications were considered under initial drought relief scheme since the IDC loans came into effect. To date Forced Stock Sale Deposit has accumulated in the region of R100 million.



Average Dam Level Provincially and boreholes completed

Average level of dams as at: 2016/08/29, Source: Department of Water and Sanitation website			Boreholes Completed
	August 2016	August 2015	2015/16
Limpopo	51	77	65
Mpumalanga	54	78	7
Gauteng	83	88	20
North West	65	63	48
KwaZulu-Natal	44	63	7
Free State	55	75	48
Eastern Cape	66	79	0
Western Cape	61	68	0
Northern Cape	64	80	0
Total	54	72	195



Socio Economic Impact Drought

- South Africa is set to be a net importer of grains this season, therefore a weaker Rand also adds inflationary pressures on soft commodity prices, which in turn is translating to higher food prices. N.B. The Rand has recently strengthened (about \$1:R13 exchange rate as opposed to \$1:R16 previously recorded) and importation of food should be cheaper. However, prices keep going up regardless of the improved economic conditions.
- SAVAC modelled the impact of the current drought on agricultural livelihoods of people residing in Open Access or communal areas across the country.
- According to this analysis, the number of people with worst drought affected agricultural livelihoods is 6 291 900 in the Open Access (rural) areas across South Africa.
- The output in primary agriculture was exogenously decreased by 23% in field crops, less than 1% in horticulture and nearly 9% in livestock and collectively such decline resulted in further declines
- The biggest employment losses was found in the field crops -11%, livestock - 8.7% and sugar - 9.3%.



Commercial summer crops

Crop	Area planted 2016 ha (A)	8 th Production forecast 2016 Tons (B)	Area planted 2015 ha (C)	Final Crop 2015 Tons (D)	Change % (B) / (D)
White maize	1 014 750	3 097 225	1 448 050	4 735 000	- 34,59
Yellow maize	932 000	4 199 800	1 204 800	5 220 000	- 19,54
Total maize	1 946 750	7 297 025	2 652 850	9 955 000	- 26,70
Sunflower seed	718 500	742 750	576 000	663 000	12,03
Soybeans	502 800	750 250	687 300	1 070 000	- 29,88
Groundnuts	22 600	26 550	58 000	62 300	- 57,38
Sorghum	48 500	82 000	70 500	120 500	- 31,95
Dry beans	34 400	35 445	64 000	73 390	- 51,70
TOTAL	3 273 550	8 934 020	4 108 650	11 944 190	- 25,20

Source: Crop Estimates Committee, 25 August 2016

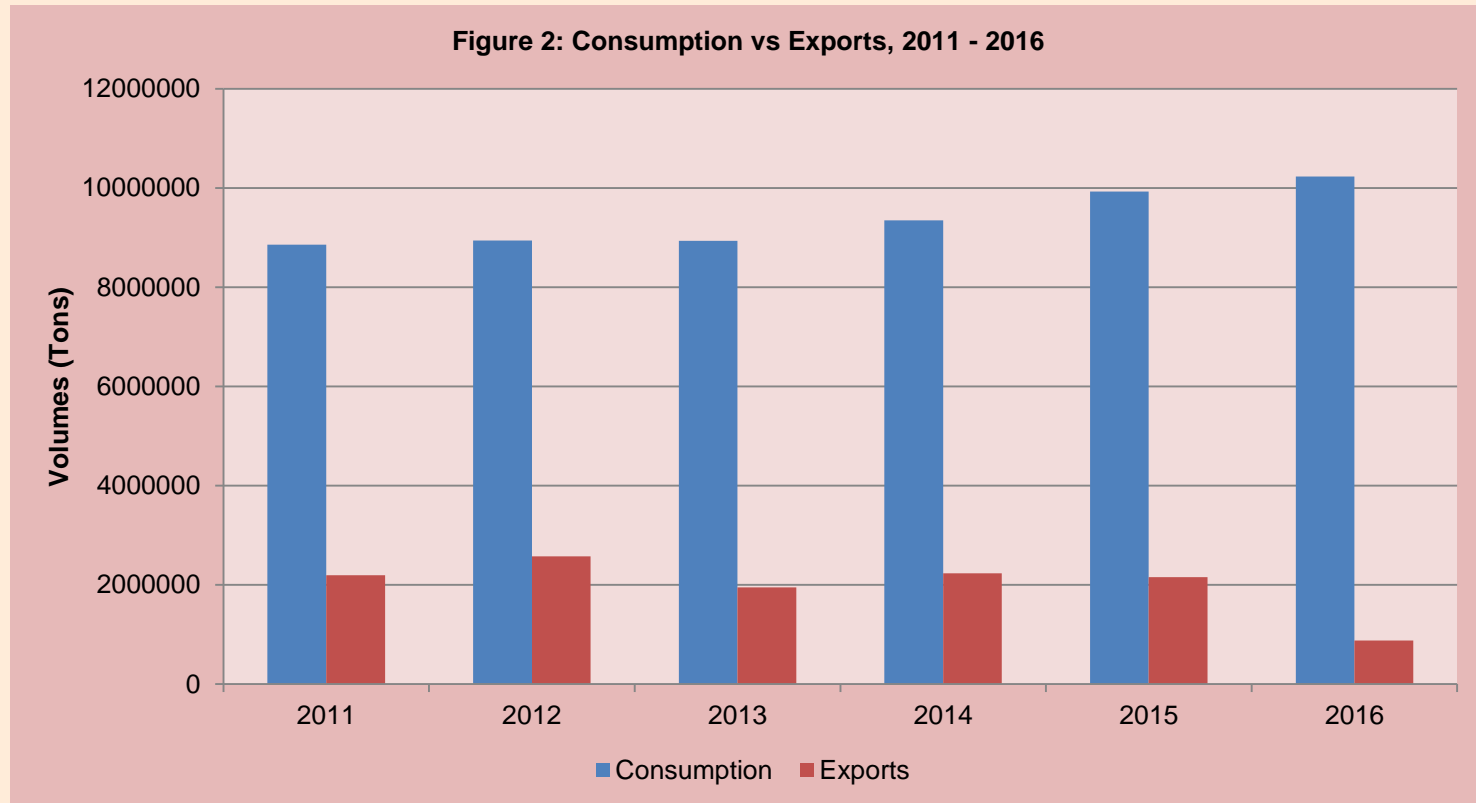


Crop production forecasts : explanations

- **Commercial maize:** The size of the expected commercial maize crop has been set at 7,297 million tons, which is 26,70% or 2,658 million tons less than the previous season 9,955 million tons.
- Area estimate for maize remained unchanged at 1,947 million ha, while the expected yield is 3,75 t/ha.
- **White maize:** The production forecast of white maize remained unchanged at 3,097 million tons, while the expected yield is 3,05 t/ha. In the case of yellow maize the production forecast is 4, 200 million tons, which is 19,54% or 1,020 million tons less than the 5,220 million tons of the previous season.
- **Yellow maize:** The yield for yellow maize is 4,51 t/ha.
- The total supply of **wheat** is projected at 4 043 563 tons for the 2016/17 marketing season. This includes an opening stock (at 1 October 2016) of 791 523 tons, local commercial deliveries of 1 645 040 tons, whole wheat imports of 1 600 000 tons and a surplus of 7 000 tons.



Consumption vs Exports, 2011-2016



Source: SAGIS, 2016



Basic food basket (22 item) prices

Product Description	Unit	Jun-15	May-16	Jun-16	% change	% change
		Price	Price	Price	y-y	m-o-m
Rice	2 Kg	23.00	25.85	25.34	10.17	-1.97
Bread White	700 gr	11.79	12.82	12.85	8.99	0.23
Bread Brown	700 gr	10.62	11.68	11.66	9.79	-0.17
(Super Maize) Mealie meal/Maize flour	5 Kg	35.88	50.64	50.92	41.92	0.55
Beef Chuck - Fresh	1 Kg	64.98	71.71	71.12	9.45	-0.82
Chicken portions - Fresh	per Kg	52.02	54.05	54.84	5.42	1.46
Chicken portions - Frozen	per Kg	29.59	47.91	47.17	59.41	-1.54
Fish (Excl Tuna) Tinned	425 gr	15.80	15.49	16.29	3.10	5.16
Milk Full cream - Long life	1 L	12.89	13.31	13.52	4.89	1.58
Eggs	1,5 Dozen	33.61	36.66	36.86	9.67	0.55
Margarine Spread	500 g	21.83	24.11	23.91	9.53	-0.83
Sunflower Oil	750 ml	18.17	22.66	22.91	26.09	1.10
BAKED BEANS - TINNED	410 Gram	8.51	8.70	8.74	2.70	0.46
INSTANT COFFEE	750 Gram	69.06	79.99	79.25	14.76	-0.93
CEYLON/BLACK TEA	62.5 Gram	10.24	11.64	12.30	20.12	5.67
BANANAS - FRESH	Per Kilogram	13.53	13.35	13.11	-3.10	-1.80
APPLES - FRESH	Per	15.31	11.65	10.81	-29.39	-7.21
CABBAGE - FRESH	Per Kilogram	11.38	13.72	0.00	0.00	0.00
TOMATOES - FRESH	Per Kilogram	17.69	19.75	16.71	-5.54	-15.39
ONIONS - FRESH	Per Kilogram	10.52	14.48	14.23	35.27	-1.73
POTATOES - FRESH	Per Kilogram	9.58	14.46	13.50	40.92	-6.64
Total Rand Value		496.00	574.63	556.04	12.10	-3.24

Source: Stats SA, From June 2015 and June 2016, the cost of this basic 21 item food basket increased by approximately **R60.04 (+16.4 %)*** in nominal terms from **R496.00** to **R556.04**



Basic food basket (22 item) prices

- From June 2015 to June 2016 the cost of this 22-item urban food basket (excl. oranges) increased by **R60.04** (+16.4%) in nominal terms from **R496** to **R556.04**.
- On month to month comparison, May 2016 the cost of this 22-item urban food basket (excl. oranges) decreased by **(R18.59)** (-3.24%) in nominal terms from **R574** to **R556**.
- **Factors affecting maize price in South Africa**
 - **Demand and supply factors** (global and domestic);
 - **Exchange rate** (economic viability of exporting and importing maize in South Africa);
 - **World prices** (world price increase lead to increase in the export parity); and
 - **Input prices** (increase in prices of inputs affect producer margins).



Drought Impacts

- Dry land crops were mostly affected as most of them didn't plant and some lost crop due to high temperature and dry conditions
- Irrigation farmers were better but dam levels dropped, followed by water restrictions
- Boreholes drilled but some were dry because of unavailability of underground water
- Small scale and small holder farmers were worse affected
- Livestock conditions in some provinces are poor
- Grazing is poor in most provinces even after some rains received and winter has worsened the situation
- Mortality **252 880** through out the provinces occurred
- Food prices increased throughout the country with rural communities affected badly



Provincial Drought Relief Status for 2016/17

Province	Equitable Share 2016/17	Expenditure on Equitable Share 2016/17	Revised Provincial funding Request	Type of Assistance
Free State	R1 000 000	No report	R57 000 000	
KwaZuluNatal	R50 000 000	R20 000 000	R180 000 000	Livestock feeds
Limpopo	R12 000 000	R4 000 000	R183 000 000	Livestock feeds
Mpumalanga	R0	No funds	R71 000 000	
North West	R0	No funds	R113 000 000	
Northern Cape	R0	No funds	R163 000 000	
Gauteng	R 500 000	No report	R106 000 000	
Eastern Cape	R95 000 000	R10 000 000	R98 700 000	Livestock feeds
Western Cape	R40 300 000	R37 000 000	R36 300 000	Livestock feeds Livelihood support
Totals	R198 800 000	R71 000 000	R1 008 500 000	



Drought Adaptation Plans

DAFF coordinates drought adaptation measures as follows:

- Management of Pests and Diseases
- Livestock Management is very important (e.g. Drought feeding Strategies and Livestock marketing)
- Water Use Management (e.g. usage of grey water, late irrigation)
- Proper veld management practices to preserve agricultural resources.
- DAFF is organising the National Drought Indaba on the 15 -16 September 2016
- Implementation of Land Care programme.
- Drought resistant cultivars by Agricultural Research Council



Long term response strategies

- Intensive veld management practices (Fencing and creation of camps for rotational purpose especially on communal areas) through employ of the Conservation of Agricultural Resources Act, Act 43 of 1983(CARA).
- Establishment and Creation of state fodder banks
- Strengthen seed multiplication schemes through strengthening farmers' capacities in seed multiplication in order to improve quality of seed produced in the informal sector particularly in transition from emergency to development activities.
- Establishment of National Rangeland Monitoring and Improvement Programme (NRMIP) in order to enhance the ability of livestock farmers to make rangeland management decisions based on timely and accurate information regarding the condition and productivity of their rangelands within the constraints imposed by weather and climate such as drought.



Recommendations

- Since drought persists in most areas across the country and confidence level is low in seasonal climate forecasts for spring, farmers are advised to be conservative in their production.
- Livestock farmers are advised to keep stock number in line with the available grazing so as to prevent overstocking/overgrazing.
- Farmers are encouraged to implement measures provided in the early warning information issued.
- Special attention to be paid on the impact of drought on crop farmers and farm labourers and how government should be responding to their plight
- Food security programmes need to be activated to assist the negative impacts of drought to farm workers